

REPORT TO: FINANCE COMMITTEE - 18 AUGUST 2003

REPORT ON: REVENUE MONITORING 2003/04

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 535-2003

1 PURPOSE OF REPORT

- 1.1 To provide Elected Members with an analysis of the 2003/04 Projected Revenue Outturn as at 30 June 2003 monitored against the adjusted 2003/04 Revenue Budget.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee:

- a notes that the overall General Fund 2003/04 Projected Revenue Outturn as at 30 June 2003 shows an overspend of £20,000 against the adjusted 2003/04 Revenue Budget.
- b notes that the Housing Revenue Account Projected Outturn is in line with the adjusted 2003/2004 Revenue Budget.
- c agrees that the Depute Chief Executive (Finance) will take every reasonable action to ensure that the 2003/04 Revenue expenditure is in line with the adjusted Revenue Budget.
- d instructs the Depute Chief Executive (Finance) in conjunction with all Chief Officers of the Council to continue to monitor the Council's 2003/04 Projected Revenue Outturn.

3 FINANCIAL IMPLICATIONS (see Appendix A)

- 3.1 The overall projected 2003/04 General Fund Revenue outturn position for the City Council shows an overspend of £20,000 based on the financial information available at 30 June 2003. A system of perpetual detailed monitoring will continue to take place up to 31 March 2004 with the objective of the Council achieving a final outturn which is in line with the adjusted 2003/04 Revenue Budget.
- 3.2 The Housing Revenue Account outturn position for 2003/04 is currently projecting an overspend of £1,122,000 compared with the original approved Revenue Budget based on the financial information available for the period to 30 June 2003. However, this overspend will be met by a corresponding transfer from the Renewal and Repair Fund. The outturn position will then be in line with the adjusted 2003/04 Housing Revenue Account budget. The Director of Housing, in conjunction with the Depute Chief Executive (Finance), will continue to monitor total expenditure to achieve a final outturn position which is as close as possible to the original approved 2003/04 Revenue Budget.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 Following approval of the Council's 2003/04 Revenue Budget by the Special Finance Committee on 13 February 2003 this report is now submitted in order to monitor the 2003/04 Projected Revenue Outturn position as at 30 June 2003, against the adjusted 2003/04 Revenue Budget.
- 6.2 The Final 2003/04 Revenue Budget included a contingency provision of £200,000 to cover any unforeseen items of expenditure, which may occur during the course of the financial year. A total of £35,000 has been allocated from this contingency leaving a balance of £165,000. It is anticipated that this balance will be committed during the remainder of the financial year.
- 6.3 As indicated in the 2003/04 Final Revenue Budget a Contingency of £6,506,000 (New Monies) was set aside for new Scottish Executive initiatives. This has now been fully allocated with £5,917,000 transferred to Social Work, £198,000 to Education, £293,000 to Planning and Transportation Department, £97,000 to ECPD and the remaining £1,000 to Support Services.

7 GENERAL FUND - REASONS FOR VARIANCES

The main areas of Departmental variances and associated explanations are as follows:

Overspends

7.1 Leisure & Arts (£175,000)

The projected overspend is mainly due to a higher than budgeted spend in Leisure Centres including Olympia (£75,000); higher than budgeted spend at the Wildlife Centre and on other Parks Materials (£64,000); and a reduced level of income (£58,000) mainly from Outdoor Activities and Cemeteries. The overspends are partly offset with additional fees (£22,000) expected from Leisure Centres resulting in a net projected overspend of £175,000 in the Leisure and Arts Revenue Budget.

7.2 Education (£58,000)

The department is projecting an overspend of £58,000 due to its share of the additional costs of Residential and Secure Care (see Social Work).

7.3 Finance General (£42,000)

The projected overspend is mainly due to the under-achievement of the target for staff slippage and a lower than anticipated level of income from outside bodies.

Underspends

7.4 Neighbourhood Resources and Development (£31,000)

The department is currently projecting an underspend due to savings arising from delays in the filling of vacant APT&C posts.

7.5 Social Work (£55,000)

The department is facing continued recruitment problems due to a national shortage of specialist trained personnel, resulting in staff costs underspend of £450,000.

This underspend is offset by a higher than budgeted spend on Residential and Secure Care due to increased demand resulting from the Fast Track Children's Hearings Pilot Scheme. Social Work's share of the additional cost is £173,000. Also, there are higher than budgeted property costs of £122,000 arising mainly from the partial withdrawal of relief on water and

wastewater charges for various residential and community properties; and an additional spend of £100,000 due to specialist placements. The net effect is an underspend of £55,000 in the Social Work Revenue Budget.

7.6 Capital Financing Costs/ Interest on Revenue Balances (£250,000)

The projected underspend is due to a reduction in the average Loans Fund interest rate.

8 **HOUSING REVENUE ACCOUNT - REASONS FOR VARIANCES**

The Housing Revenue Account (HRA) overall position for 2003/04 is projecting an overspend of £1,122,000 as compared with the 2003/04 Revenue Budget. The overspend will be met by a corresponding transfer from the Renewal and Repair Fund to bring the net spend in line with the adjusted HRA budget. The main over and underspends within the HRA are highlighted below:

Overspends

8.1 Repairs and Maintenance (£1,028,000)

The projected overspend of £1,028,000 is due to an increased level of demand for day to day repairs and relets.

8.2 House Rents (£394,000)

The projected level of rental income is lower than expected due to the impact of increased Council House sales following the implementation of the Housing (Scotland) Act 2001.

Underspends

8.3 Lost Rents and Bad Debts (£197,000)

The projected underspend is due to a decrease in the number of void properties.

8.4 Communal Cleaning Service (£64,000)

An increased level of Communal Cleaning Service has resulted in a higher level of income than budgeted.

8.5 Loan Charges and Interest on Revenue Balances (£37,000)

A reduction in the average Loans Fund interest rate has resulted in a projected net saving of £37,000.

9 **CONSULTATIONS**

9.1 All Chief Officers have been consulted in the calculation of projected outturns included in this report, insofar as they apply to their own individual department.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

8 AUGUST 2003

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

DUNDEE CITY COUNCIL
2003/04 REVENUE OUTTURN MONITORING
PERIOD 1 APRIL 2003 - 30 June 2003

APPENDIX A

Statement analysing 2003/04 Projected Revenue Outturn to Budget (Capital Charges, Central Support and Central Buildings Recharges have been excluded from Departments as these costs are outwith their control).

	(col 1) Final Revenue Budget 2003/04 £000	(col 2) Transfers from/ (to) Contingency, General & R & R Fund £000	(col 3) Adjusted Revenue Budget 2003/04 £000 (col 1+2)	(col 4) Projected Revenue Expenditure 2003/04 £000	(col 5) Projected Budget Variance 2003/04 £000 (col 4-3) + overspend (underspend)
Department					
Leisure & Arts	10,156		10,156	10,331	175
Education	87,439	198	87,637	87,695	58
Environmental & Consumer Protection	14,636	97	14,733	14,741	8
Planning & Transportation	10,106	293	10,399	10,399	
Economic Development	3,212		3,212	3,212	
Other Housing	1,281		1,281	1,281	
Miscellaneous Income	(2,381)		(2,381)	(2,381)	
Neighbourhood Resources	8,391		8,391	8,360	(31)
Social Work	51,659	5,917	57,576	57,521	(55)
Central Support Services					
Chief Executive	901		901	901	
Personnel & Management Services	1,549		1,549	1,549	
Information Technology	4,925		4,925	4,925	
Support Services - Admin/Legal	2,780		2,780	2,780	
- Architects	(377)		(377)	(377)	
Finance General	2,681	28	2,709	2,751	42
Miscellaneous Services					
Chief Executive	23		23	23	
Support Services	161	8	169	169	
Finance Revenues	3,205		3,205	3,205	
DCS - Ground Maintenance Client	2,166		2,166	2,166	
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	202,513	6,541	209,054	209,251	197
DSO/DLO Surpluses	(1,114)		(1,114)	(1,114)	
Housing / Council Tax Benefit	2,949		2,949	3,022	73
Capital Financing Costs/ Interest on Revenue Balances	20,584		20,584	20,334	(250)
Contingencies	200	(35)	165	165	
New Monies	6,506	(6,506)	0	0	
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	231,638	0	231,638	231,658	20
Joint Board					
Tayside Fire Joint Board	11,631		11,631	11,631	
Tayside Joint Police Board	16,068		16,068	16,068	
Tayside Valuation Joint Board	918		918	918	
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	260,255	0	260,255	260,275	
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TOTAL PROJECTED 2003/04 GENERAL FUND OVERSPEND AS AT 31/3/2004					20
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Housing Revenue Account	---	---	---	---	Nil